

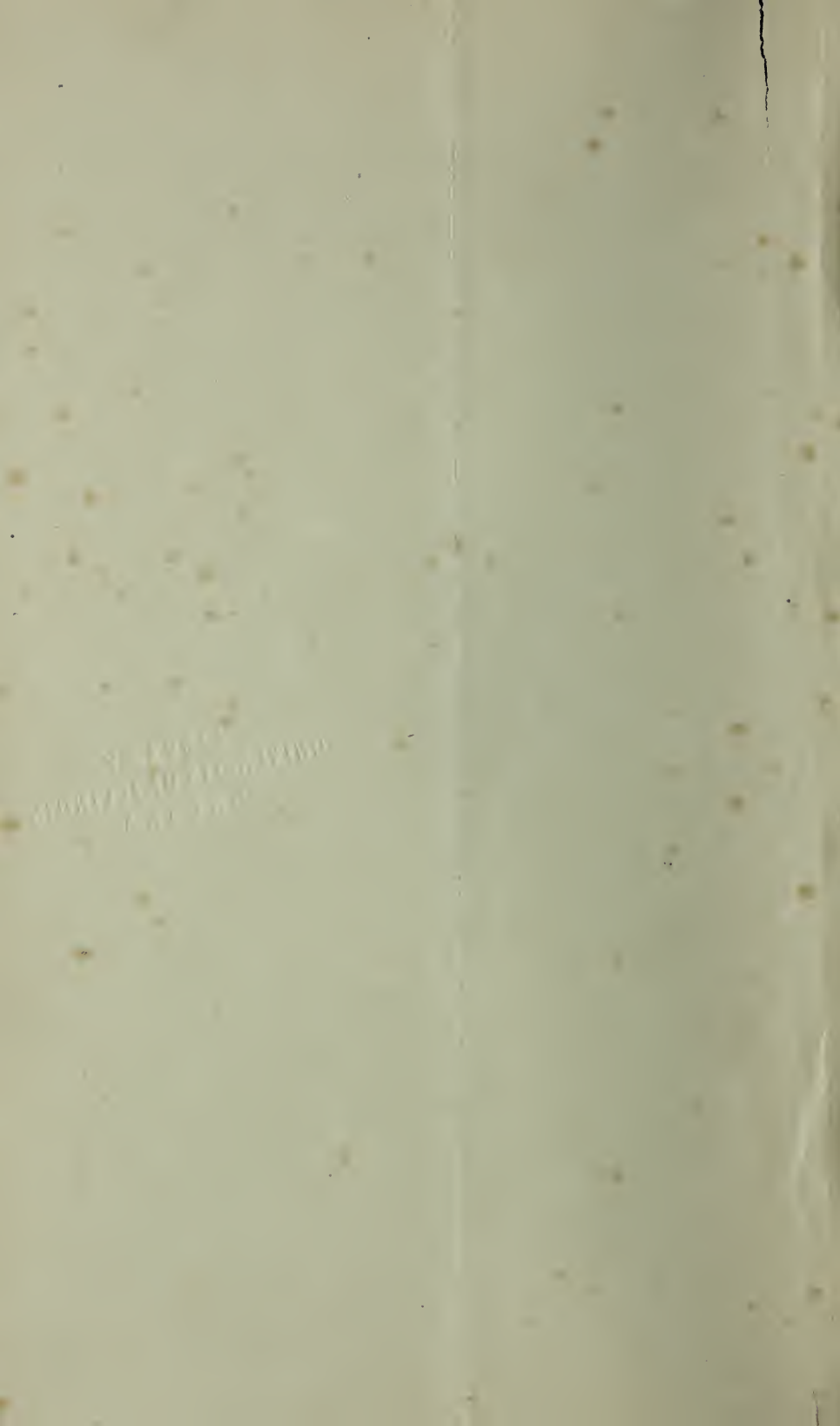
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VIEWS

OF

William H. Gatzmer, President of the Camden and Amboy Railroad and Transportation Company, upon the proposition to Lease the Public Works of the United Canal and Railroad Companies of New Jersey to the Pennsylvania Railroad Company, read before the Joint Board of Directors, at their Meeting, at Trenton, New Jersey, April 20th, 1871.



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VIEWS

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MR. PRESIDENT AND GENTLEMEN

OF THE JOINT BOARD

We should be actuated by our convictions as to what we believe to be for the best interests of the stockholders of the United Companies, not for the present only, but for the present and future; and we should each be allowed to act freely and independently upon this subject; and however painful it may be for any of us to differ from those whose experience, knowledge and judgment, we have always respected and deferred to—upon other subjects, the present one is too grave and important for any Director to yield his opinion, and he should not be reflected upon for presenting his views before this Board—nay, more, it is his duty to present to his stockholders, whose agent he is, the result of his calmest and best judgment, and the reasons which have brought his own mind to the conclusion it has reached.

W. H. G.—1

No subject has ever been presented for the consideration of the Directors of these Companies, of so much importance, and which involves so much responsibility in their action: no matter which way they may decide, whether to recommend the acceptance of the lease or to decline it, the responsibility remains.

Upon all large and important operations of these Companies the Directors have heretofore been united—upon this subject they are divided.

The stockholders have committed to the Directors the conduct of their business and care of their property, and have selected their Directors and officers because of their experience and knowledge of their works, and look to them for full information and proper advice upon this subject.

Before making the submission to the stockholders, the Directors should cause to be prepared an inventory of their property with valuation—a statement of the business from the origin of these Companies to the present time, showing its rise and progress, the increase of capital up to 1867, and the rapid and large increase of capital since, and why such rapid increase was necessary to be made; together with an estimate of what the future promises; the Directors should give to the stockholders every information concerning their property, as regards the past, the present, and an estimate of the future, that they may be enabled to decide wisely in regard to the value of their property and the franchise they possess before parting with them.

Our works are invaluable; their location the best in the United States; are in good order and capable of doing all the business that will ever come to them from the South and West, and between Philadelphia and New York.

Where one railroad connects with another so that

the cars can pass from one road to the other it is not necessary for the public accommodation, or profit to the stockholders, for extensions by acquiring direct connecting railroads by lease or purchase; the usage of the whole railroad world is to connect with each other, and traffic will seek its natural geographical channels from one State to another, and the last link in the route to the great metropolis is generally the most valuable, as it is the final gathering up of the traffic of all the others. Why, then, part with the last link and allow others to go beyond their natural territorial boundaries? It will prove far more profitable for our corporation to take care of its own chartered locality and cultivate friendly relations with all others who may have occasion to use our works.

Premature extensions, leases, and increase of liabilities, by railroads, no matter by whom encouraged, will reduce per centage upon capital invested, as will be seen by an examination of the reports of many of the leading railroads of our country.

There are examples of the destruction of corporations by ill-advised increase of capital—institutions in which the retired man of business, the widow and the orphan had placed their all, and were suddenly bereft of their income and rendered destitute. I will only mention one with which we are all familiar, it being in our midst and recent.

A prouder and more successful corporation than the Lehigh Coal and Navigation Company did not exist; the stock and bonds were considered by capitalists the safest of investments; their net earnings, under the management of a White, a Hazzard and a Cox, had exceeded the legal limit authorizing dividends to be paid to their stockholders. This institution was committed to the management of those less cautious; their

ambition led them to increase their capital several millions in building a railroad alongside of their canal, and the institution was ruined by the weight of its obligations incurred for this road, and the widow and the orphan were deprived of their living.

The disposition to increase the debt and stock liability of the United Companies is improper, when an increase of business does not warrant it. We should keep our works and equipment in good order, and no railroad company can reasonably be expected to make improvements faster than a growing business requires, and they should always be graduated according to the revenue.

The United Companies own a large and valuable real estate, much of which is not necessary for direct railroad purposes, and will never be required for such purpose. All such property should be disposed of, and the proceeds applied to the liquidation of our debt, or for the purpose of making such improvements as the business of the Companies actually needs. Neither our debt nor stock liability should be increased for any purpose whatever, while we have real estate or other property that we can dispose of, without impairing the facilities and usefulness of our works.

In order that we may fully understand our present business relations with the Pennsylvania Railroad Company, I will present some extracts from the contract with the Pennsylvania Railroad Company, entered into on February 18th, 1863, and fully confirmed by absolute lease on the 1st day of January, 1868, for nine hundred and ninety nine years to the Philadelphia and Trenton Railroad Company.

2dly. I will read the minutes of the Joint Board and Executive Committee relative to the improvement of Harsimus Cove property, the building of a branch road from the New Jersey Railroad to Communipaw Stock

Yard, and show the preliminary steps taken that have culminated in an offer on the part of the Pennsylvania Railroad Company to lease our whole works instead of joining us in the improvement of Harsimus.

In order to secure a part of the Western, the Southern and Southwestern business, and to establish a more perfect route between New York and Washington by passing through Philadelphia without changing the steam trains, an agreement was entered into February 18th, 1863, with the Pennsylvania Railroad Company, for the latter Company to build the Connecting Railway, and to lease it to the Philadelphia and Trenton Railroad Company for nine hundred and ninety-nine years, at a clear annual rent of six per cent. per annum.

The contract secures to the Philadelphia and Trenton Railroad Company two tracks from the junction with Pennsylvania Railroad at Mantua to the junction with the Junction Railroad, to connect South, and to the depot in West Philadelphia for accommodation of local business between New York and Philadelphia; so that the United Companies can use their own locomotives and cars between West Philadelphia and Market Street Depot and Jersey City with the same rights and privileges and facilities that they can from Camden or Kensington.

The contract provides, also, that the Pennsylvania Railroad Company shall divert all of their business destined East over our works, and after deducting terminal expenses, the receipts to be divided pro rata per mile.

The contract also provides an absolute minimum rate for freight and passengers, below which the United Companies are not obliged to go when competition is raging between the Pennsylvania Railroad and other

Western lines, so that a contract exists providing for the United Companies perfect facilities to carry on their Western and Southern business by perfect connections by means of the Connecting Railway.

The contract provides for the Pennsylvania Railroad Company full facilities for their traffic to New York, without change of cars to Jersey City and South Amboy, and the motive service is as well performed as could, over the route, be performed by their own direct agency.

The contract provides for the Pennsylvania Railroad, facilities at South Amboy, Jersey City, and New York, all of which have thus far been afforded fully equal to the business they have given us. And for an increased future business from the Pennsylvania Railroad, and from the Philadelphia, Wilmington and Baltimore and the Baltimore and Ohio Railroads, and other roads, the United Companies have secured ample terminal property, now under consideration of improvement, which when improved must fully meet the reasonable requirements of all the Southern and Western business that will ever pass over this route.

The contract provides that if the Pennsylvania Railroad Company refuses to properly discriminate in our favor, and not send all their traffic destined to the East over the works of the United Companies, they shall pay a sum equivalent to the net profit which would have accrued if said traffic had passed over our works.

The contract provides equitable running arrangements, and no interference with our local or way business between the cities of New York and Philadelphia.

It is a contract that provides every needed facility at a very low rate for the Pennsylvania Railroad, and is a most valuable agreement for the United Companies in securing to them the Connecting Railway, by which

they have a perfect steam connection with the South and West.

The provisions of the contract have not been carried out by the Pennsylvania Railroad ; they have not diverted to this route all their Eastern business. The United Companies have provided facilities at South Amboy, and, also, at Jersey City, to do their business as they have elected to do it, *i. e.*, their transportation lines, doing the business over the joint lines, to receive the terminal expenses between Jersey City and New York, and they to take charge of the cars as they arrive at Jersey City, and to transfer them to New York. Any interruption to their business the past winter was occasioned by the obstruction of ice in the Hudson, causing an inability on the part of their agents to take away the cars as they arrived at Jersey City. Their business during the past winter did not exceed an average of one hundred and fifty cars per day. We were prepared to transfer from Mantua to Jersey City several hundred cars per day.

In the purchase of Harsimus cove property, it was designed by the managers to improve it for the accommodation of the business passing over their works from the South and West, and from other connections, and to meet any expected increase of business ; but as our revenue has not increased in proportion to our capital expenses, and as it was deemed the best policy by the Board of Directors to keep up the dividends, it was decided not to go on with that improvement immediately after the purchase, and for a while the subject of that improvement was postponed, and no action had until it was again taken up in January, 1870. At a meeting of the Joint Board of January 17th, 1870, it was

Resolved, That a Committee of Five be appointed to take into consideration some mode of securing the im-

provement of the Harsimus Cove property, in accordance with the Report of the General President of February 10th, 1869, and report to the Joint Board the most expeditious and most economical manner of carrying out the proposed improvements, either by leasing to other companies or otherwise, or any other arrangement that can be made to utilize the same to the United Companies.

Messrs. Stockton, Macalester, Bradley, Remsen and Howell were appointed said committee.

On or about the 28th March, 1870, Col. Scott, of the Pennsylvania Railroad, addressed a letter to our Company upon the subject of building a branch railroad from the New Jersey Railroad to Communipaw Stock Yard.

At a meeting of the Committee, March 28th, 1870, it was "*Resolved*, That the letter of Col. T. A. Scott, relative to branch from Bergen Cut to the stock yards at Communipaw, be referred to the General President, to examine and attend to."

At a meeting of the Executive Committee, April 25th, 1870, it was "*Resolved*, That the General President be authorized to conclude an arrangement with the Pennsylvania Railroad Company for the building of the Branch Railroad from the New Jersey Railroad to the stock yard at Communipaw, each Company to contribute in proportion to their mileage between Pittsburgh and New York."

At a meeting of the Joint Board, June 30th, 1870 the General President presented the draft of an agreement between the National Storage Company, the United Companies, and the Pennsylvania Railroad Company, providing for the construction and operation of a railroad from the New Jersey Railroad at the Point of Rocks to Communipaw.

“Whereupon, it was *Resolved*, That the said agreement be entered into, and that the proper officers, execute the same under the corporate seals of the several Companies represented in this Board.”

At a meeting of the Joint Board, July 18th, 1870, the General President reported that it was extensively published in the newspapers that the Pennsylvania Railroad Company was about to lease the works of the United Companies, but stated that there had been no authorized negotiation on the subject.

The General President made a report on Harsimus Cove improvement, which was accepted and ordered to be filed, and the matter referred to the Committee on Harsimus Cove property.

At a meeting of the Executive Committee, December 19th, 1870, Gen. Stockton presented and read a letter from J. E. Thomson, President of the Pennsylvania Railroad Company addressed to himself, offering to lease the canal and railroads of the United Companies, Whereupon, it was “*Resolved*, That the communication of Mr. Thomson be referred to the Joint Board for its consideration and that a meeting of the Joint Board be called for Saturday, the 24th inst., to consider the subject of lease.”

At a meeting of the Joint Board, December 24th, 1870, Mr. Stockton presented and read a communication from J. Edgar Thomson, President of the Pennsylvania Railroad Company, proposing terms upon which he, the President, thought the Pennsylvania Railroad Company would lease the canal and railroads of the United Companies. Mr. Stockton explained the informal interviews had with the President of the Pennsylvania Railroad Company upon this subject; the matter of lease having been introduced at the conference of the

Committee of each Company appointed to negotiate about the improvement of Harsimus Cove property.

After discussion, Mr. Taylor offered the following preamble and resolution, which was adopted :

Whereas, A communication from J. E. Thomson, President of the Pennsylvania Railroad Company, having been read to this Board, proposing to lease our works, it is

Resolved, That the officers of these Companies be requested to communicate with the officers of the Pennsylvania Railroad Company, and report to this Board, as to what arrangements can be made with that Company to utilize the Harsimus Cove property, and to permit their trains to run over our works; and also the best terms on which they will lease our property, and such facts and figures as will enable us to judge as to the advisability of entering into any further arrangements or agreements with the Pennsylvania Railroad Company.

Judge Read offered the following resolution, which was adopted.

Resolved, That the basis of any lease to the Pennsylvania Railroad Company should be a lease of our roads and canal, and a transfer of all our assets, subject to all our debts and liabilities of every description; which are to be assumed by said Company. In consideration of which there should be equal to a clear yearly dividend of ten per cent., payable quarterly, secured and paid to our stockholders.

At a meeting of the Joint Board, January 19th, 1871, the General President communicated the result of the conferences of the officers with the President of the Pennsylvania Railroad Company, and read the letters of Mr. Thomson, President, upon lease and running arrangement.

After discussion it was

Resolved, That the communications be referred to the officers of the United Companies, and that they be instructed to continue the negotiations and furnish the information required by the Joint Board, and when ready to report that the Joint Board be called together.

The President and Committee of the Pennsylvania Railroad asked further time for consideration, and at a recent meeting of their Board, there being no recommendation of the Committee the matter was discussed in the meeting and referred to the President, who made a communication to our General President, not offering, however, clear ten per cent.

We should not approach the consideration of this subject with the impression that our Companies are running into bankruptcy, or from fear that the Pennsylvania Railroad Company or any other party will build an opposition road to ours between the cities of New York and Philadelphia.

We are by no means bankrupt. It must be remembered that during the war for five or six years, we were obliged by the rules of the United States Government to do business for the United States, and which was our large business during those years, the transportation of troops and military stores at a reduction of thirty-three per cent. from our rates. Our works and equipment in common with every prominent railroad in the country were run down during the war.

At the close of the war, the consolidation took place, and the Joint Board of Directors by their By-Laws created a new organization, appointing a General President to have full superintendence and direction of the affairs of the several Companies, to have charge of the engineering, mechanical, superintending and accounting departments of the whole.

After consolidation it was thought best and directed by the Joint Board, to put the roads and canal in perfect order, and to improve the equipment in cars and locomotives; to acquire real estate at the terminus and upon the line of the roads; to build station-houses and bridges, and to do everything needed, as the exclusive privileges would cease in 1869, fully to prepare for increasing traffic, and so to perfect their works and the arrangements upon them, that they might depend upon the superiority of their facilities alone for protection against competition.

Our works are now in complete order, roadbed, rails, locomotives and cars, and everything equal if not superior to the first-class roads in our country.

These improvements have cost several millions of dollars, and the traffic has not increased in proportion to the expenditures.

Up to and including the year 1866, before the consolidation, each Company earned about twelve per cent., paid regular dividends of ten per cent., and had accumulated considerable surplus.

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1866 The gross receipts in ~~1866~~ were \$8,112,107, and in 1870, \$8,437,093; larger in 1870 by only \$324,986, while during the same time the stock basis was increased \$6,163,245.

It has been said that the Companies have not earned ten per cent. dividends since the consolidation.

For the four years commencing January 1st, 1867, and ending December 31st, 1870, the average earnings per annum of the Companies was eight eighty-nine-one-hundredths, a fraction less than nine per cent. upon the capital stock, which had been increased during the same time upwards of six millions. The earnings of the last four years divided upon the stock basis of 1866,

before consolidation, notwithstanding a reduction of gross receipts of \$837,000 in 1867, will show an average of more than eleven per cent. per annum.

These Companies have kept up the dividends of ten per cent., while other ten and eight per cent. dividend paying roads dropped to eight and six per cent. The Companies have, therefore, notwithstanding this extraordinary outlay for capital, with a greatly depressed business in 1867 and 1870, been enabled to keep up their dividends of ten per cent. without entirely exhausting their surplus.

I have known the New Jersey Railroad and Transportation Company when it paid no dividends; the Camden and Amboy Railroad when it scarcely earned six per cent., and the Delaware and Raritan Canal for several years when it scarcely earned expenses. I have known these Companies when they paid six, eight, ten, and twelve per cent., besides many extra dividends, and have seen the stock of the Joint Companies selling as low as fifty-nine, and as high as one hundred and eighty; no matter what may happen, my confidence in the permanency of these institutions and future prosperity is firmer to-day than at any other period of their existence; they are more valuable and better protected, and have within themselves a local and domestic business that will fully sustain them.

It would be far better after laboring so long to protect and improve the works of the United Companies, for the stockholders and State of New Jersey and her people to reap the advantages. The possession of two of the most direct railroad routes, and the only canal route between the two great cities of the United States, the possession of large and valuable wharf and depot property in Hoboken, Jersey City and New York, South

Amboy, Camden and Philadelphia, and a perfect connection around the City of Philadelphia, with the lines for the south and west, together with a complete double track all rail route between the two great cities. Another railroad, via South Amboy, and interested in one via Long Branch, and another via Pennington and Millstone, besides various branch and associated Companies, all pouring in business upon the works of the United Companies, occupying apparently every valuable route across the State, so that competition cannot enter so as to very seriously impair the revenues. Shall we because of a present and temporary want of great prosperity part with these works? Sacrifice them! Would not a wise man say no? Let us look about and bring to our works more business and change somewhat our arrangements.

In our connections we reach the coal mines of Pennsylvania, both by rail and canal. The increase of coal consumption is large, and it is now a question of more facilities for its transportation to the New York market, East and North. We have a canal not full, and railroads with a small business; let us immediately make arrangements for increased tonnage of coal on our canal and our railroads.

* South Amboy will be the best shipping-point soon on tide for the coal of Pennsylvania. Let it be abandoned for passengers and ordinary freight and occupied and used for coal, iron and heavy transportation, for which it is peculiarly well located, and a first-class shipping point for the North, East, and New York and foreign countries.

We have an expensive and large number of steamboats and other vessels necessary to operate the route for passengers and freight, via Amboy. These are perishable, and the expenses to keep them up draws

largely from our revenue. As soon as practicable, let all the passenger and freight business be done via Jersey City.

To secure proper facilities for the transportation on the canal, the Companies have been obliged to maintain a large steam-towing establishment on the Schuylkill, Delaware and Raritan Rivers, to tow boats and barges to and from the termini of the canal. Now outside parties will do this service cheaper than the Companies can, and it should be given up to them. Such an arrangement is now in operation on the Delaware and Schuylkill, and by making similar arrangements on the Raritan, including the sale of our boats, the shops at Hoboken can be dispensed with, and that valuable property sold.

All railroad companies seem inclined to do much of their own work in building steamboats, cars and locomotives, and thereby increase the number of their shops and workmen. This is very apt to run into extremes, and railroad companies become manufacturers of almost everything they use, while the cost is much greater than to purchase them in the market, and therefore railroad companies should not extend or multiply their shops, except for repairs. A large reduction in expenses may be realized, by contracting with parties outside for new work, and thus reduce the number of shops and mechanics.

Canals and railroads should confine their operations to their legitimate business, the collection of tolls on canal and passenger fares and freights on railroads.

To place the works of the United Companies in the best possible position, it may be necessary soon to do all our local business on the direct line connecting at Monmouth Junction to Jersey City, so that all the passenger and freight business from the Camden and Amboy

and the branch and associated companies in New Jersey from the South and the West, and between Philadelphia and New York, can be accomodated over this route.

It will be also necessary to have Harsimus Cove property improved and reached by rail for an outlet for this business, and to realize on this investment, now dead. Use the Belvidere Delaware, Camden and Amboy and other roads in which the Companies are interested, for the transportation of coal to South Amboy and other points, the way traffic upon these roads to connect with the main trunk road to afford rapid facilities for passenger and freight by the all rail route to New York and Philadelphia. This is what our present improvements are now capable of doing. We have every connection needed, and the United Companies in their arrangements would then be perfect, and save the immense expense of the transfers of passengers and freights at South Amboy, and by using floats at New York and at Camden for transfers, which is now successfully done, we place our works almost in the same position as to facilities and quick transit of an all rail route into the cities of New York and Philadelphia.

Improve Harsimus Cove either ourselves or in connection with the Pennsylvania Railroad, or the Philadelphia, Wilmington and Baltimore and Baltimore and Ohio Railroads, or by an independent store-house corporation. Do away as fast as practicable with all steamboats and floating-stock, except to cross the Hudson and Delaware; diminish our shops and reduce the number of our mechanics, keeping only necessary gangs for quick repairs; they to devote their surplus time only to new work, and arrange our accounts for

close comparison from day to day, and week to week, and month to month, and I see no reason, no matter what parallel roads may be introduced beyond our present borders, why the United Companies, with their valuable works and possessions, will not become again in prosperity the first railroad and canal institution in the United States.

The public works of New Jersey should continue to be neutral, and administered impartially. They are the great highway of the nation, connecting the North and South and the East and West with the capital of the United States and the great metropolis; and so long as the management holds to that policy, the United Companies will continue to be prosperous and be protected by the State that gave them birth, and has sustained them; and the United States will have no reason to interfere with them, nor with the domestic affairs of the State of New Jersey.

Our true interest and policy is, to take the traffic of any and all canals and railroads that come to us—the Schuylkill Canal, the Chesapeake and Delaware, the Lehigh and Delaware Division, the Pennsylvania Railroad, the Baltimore and Ohio, and the Philadelphia Wilmington and Baltimore Railroads, the Philadelphia and Reading, the North Pennsylvania, the Lehigh Valley, the Lehigh and Susquehanna, the Delaware Lackawanna and Western, and numerous others that directly or indirectly connect with us.

The business from the South is far more important to us than that from the West by the Pennsylvania Railroad, as will be seen by the following statement from our books for 1870, and which is the largest annual receipt received from the Pennsylvania Railroad since our connection with them.

W. H. G.—2

South.

| | |
|--|----------------|
| Receipts from passengers from Philadelphia Wilmington and Baltimore, and Baltimore and Ohio Railroads, (1870).. | \$694,989 29 |
| • Receipts from freight from Philadelphia Wilmington and Baltimore and Baltimore and Ohio Railroads, (1870)..... | 336,826 57 |
| | <hr/> |
| | \$1,031,815 86 |

West.

| | |
|--|--------------|
| From passengers (West) via Pennsylvania Railroad (1870)..... | \$244,576 00 |
| From freight (West) via Pennsylvania Railroad (1870)..... | 415,263 77 |
| | <hr/> |
| | 659,839 77 |
| | <hr/> |
| Difference in favor of South..... | \$371,976 09 |

The number of trains run to connect with the South for passengers, three trains each way; to connect with the West three to the West and five from the West.

The number of tons moved to and from the South, 72,057; received therefor, \$336,826.57. From the West, 398,148 tons; receiving ~~\$336,826.57~~ 415,263.77
 244,291 tons of above freight from Pennsylvania Railroad produced but sixty-six cents per ton through, about seven mills per ton per mile.

This average is the allowance for motive power and use of road; the Pennsylvania Railroad Company furnishes the freight cars, and takes the terminal expenses for crossing the Hudson and at New York.

There are no discouragements surrounding the United Companies, and they will continue to grow in prosperity, and their future will be as promising as the past, if properly managed.

The mania for leasing, extensions, and acquiring control of thousands of miles of railroads under one corporation, seems to be the fashion of the day ; but where it is done, it is done to draw business to a main trunk, which extensions may be impaired in value by new roads running parallel with them, and which may finally destroy the main trunk itself in regard to its profitableness.

Our road between Philadelphia and New York is a main trunk, ourselves controlling the parallel routes. We have already two, and soon will have three roads, when the Millstone line is completed, running near and parallel with our main trunk.

Is the Pennsylvania Railroad and its controlled roads any more secure from rivals than we were? In the third of a century we have three ; and in less than ten years the Pennsylvania Railroad between Philadelphia and Pittsburg may have a rival, and all of the Western and Northern and Southern connections controlled by them may be duplicated. How then will they be able to meet their obligations?

We need no extensions. We are mainly confined within the limits of our own State, and occupy the most enviable railroad and canal territory in the United States, and should be cautious in giving or taking leases. We are located between the two great cities of the United States, and join them together by both canal and railroads ; the growth of population of New Jersey far exceeds that of any of the thirteen old States, so that we can sustain our works by the growth of our local business alone, should we lose the Western and Southern connections ; but of which there is no danger. We are the direct and established highway, and the business from the West and South must pass over our works, unless we shut it out by establishing a monopoly for a greatly extended institution, which

would use these public works to subserve its own ends, and for the protection of its own extensions. The stockholders must not be discouraged because their ship has made two unprofitable voyages in the last fifteen years, viz., in 1867 and 1870—in 1867, occasioned by the general depression in business immediately after the war, and in 1870, owing to the strikes in the coal regions mainly, so that the first six months' revenue of the canal was largely reduced as compared with the six months of 1869.

By looking over our Dividend List, we find that the Joint Companies commenced paying dividends in 1833, and for that year paid three per cent.; in 1834 and '35, paid six per cent.; in 1836, nine; in 1837, ten; in 1838, eight; in 1840, an extra in bonds of eight and a half per cent., and regular of six per cent.; in 1841, '42 and '43, six per cent.; in 1844 and '45, eight per cent.; in 1846, ten per cent.; in 1847, eleven; in 1848 and '49, twelve per cent.; in 1850, an extra of twenty per cent. in bonds, and regular, ten per cent.; in 1851, extra in cash, five, and regular, ten per cent.; in 1852, ten, in 1853, twelve per cent. in bonds, and regular, eleven per cent.; in 1854 and '55, twelve per cent.; in 1856, six per cent. reduction occasioned by damages paid growing out of the Burlington accident; in 1857, an extra of twenty per cent. in stock, and regular, seven per cent.; in 1858, eight per cent.; in 1859 and 1860, twelve per cent.; in 1861, an extra in stock of twenty per cent., and regular, eleven per cent.; in 1862 and '63, ten per cent.; in 1864, twenty-five extra dividend in stock, and regular, ten; in 1865 and '66, ten per cent.; and since consolidation the United Companies in 1867, '68, '69 and 1870, have paid ten per cent.

The average per annum from 1833 to 1842, both inclusive, ten years, is seven and eighty-five-one-hundredths

per cent.; from 1843 to 1852, ten years, twelve twenty-one-hundredths per cent.; from 1853 to 1862, ten years, fifteen and eighty-one-hundredths per cent.; from 1863 to 1866, four years, sixteen and twenty-five-hundredths per cent.; from 1867 to 1870, four years under consolidation organization, ten per cent., The average of thirty-eight years to January 1st, 1871, is twelve and twenty-one-hundredths per cent.

Our gross receipts for 1870, are made up as follows :

1870.

| | | |
|--|----------------|----------------------|
| Through business between Philadelphia and New York, for Freight and Passengers..... | \$2,281,757 25 | |
| Intermediate or way..... | 2,620,795 70 | |
| Miscellaneous..... | 619,889 36 | |
| Delaware and Raritan Canal..... | 888,352 86 | |
| Steam Towing..... | 334,642 20 | |
| | <hr/> | \$6,745,437 37 |
| South..... | \$1,031,815 86 | |
| West..... | 659,839 77 | |
| | <hr/> | 1,691,655 63 |
| Total..... | | <hr/> \$8,437,093 00 |

Our local business between Philadelphia and New York, which might be affected by a rival line is twenty-seven per cent. of the gross receipts. Our canal and way business, which cannot be materially affected, is fifty-three per cent. Our Southern business, which we have no apprehension of losing, is twelve and twenty-one-hundredths, and our Western business from the Pennsylvania Railroad, which we may lose, is seven and eighty-one-hundredths per cent. of gross receipts.

Our Western business *via* Pennsylvania Railroad, is less valuable to us than either of the other sources of revenue, and much less than the Southern.

Our Western business from Pennsylvania Railroad thus far, both in passengers and freight, we being obliged to grant extraordinary facilities, falls short, I think, of paying expenses, its whole loss would not lessen our net revenue.

Total amount of receipts from Pennsylvania Railroad in 1870, is \$659,839. Amount paid to the Pennsylvania Railroad Company in 1870, for rent of Connecting Railway, depot accommodations, tolls, and use of engine (for transfers between Mantua and West Philadelphia depot), and expense of maintenance of way of Connecting Railway is \$289,452.00.

The great depression in our net revenue since consolidation, is mainly owing to a greater increase of capital than required by the increase of business. The increase of gross receipts in 1870, over that of 1866, is but \$324,686.00, with a decrease of net receipts of \$274,295.89.

The Stockholders have become dissatisfied, and the Board is petitioned by some of them to go into a closer consolidation.

The agreement of consolidation entered into in 1867, provided a unity of interest and harmonious working of the several corporations, the one with the other, and provided that the Directors of the said Companies, parties hereto of the first and second parts, shall meet in Joint Board, in the same manner as the Directors of the Companies composing the parties hereto of the first part have heretofore done, and jointly transact, manage and conduct the business of the parties hereto both of the first and second parts, at such times and in such manner as may be determined by the said Joint Board.

The Joint Companies alluded to were managed under the Joint Board by the Presidents of the Railroad and Canal—the Railroad was operated by its President, and the Canal by its President. The accounts were kept separate and distinct by each, and dividends were paid to the Stockholders of each upon the net earnings of both. All matters of increase of capital and extraordinary expenses were first submitted to the Joint Board, by the President of the Canal, or the President of the Railroad, and if their recommendations were considered expedient by the Joint Board, they were adopted. The Presidents felt their direct accountability to the Directors and the Stockholders, and were always careful to incur no expense that an increase of revenue would not warrant.

Some of the Stockholders are dissatisfied because they fear a reduction of dividends, and recommend a closer consolidation. The Joint Board, by their By-laws in 1867, have secured to them a close consolidation, and any further consolidation could not give more power to one head, and would not affect their interests more favorably. A reduction of the number of Directors would not amount to much financially, and the change of the names of a few officers to that of agents, would not lessen their pay essentially, for the same service will be required, and, if under another name, would command about the same salary.

It is, however, the Stockholders' right and privilege to make such organization as will best promote their interests, and whatever they may resolve upon the Directors should carry out.

The Stockholders have elected their Directors from time to time, and committed to them the working, organization, and care of their property, and they should faithfully carry out the trust, and be careful not

to venture upon untried experiments, but adhere to the old adage, "Let well enough alone ;" new theories, not already well proven in practice, should not be adopted.

Some of the Stockholders are under the impression that the working arrangements of these Companies are extravagant, because of so many officers being under pay, and that the establishment could be better and more cheaply administered by one President, and by throwing the whole into one single corporation.

By comparison with other roads, it will be found that as regards the expense for officers and superintendents, that no road of the same number of miles in this country is worked cheaper. They operate, without including the West Jersey and Belvidere Delaware Railroads, two hundred and fifty-one miles of railroad. We have one General President, two Local Presidents, two Superintendents, two Treasurers, two Secretaries, three Assistant Engineers, and two Counsel.

The Pennsylvania Railroad, considered a model road in its arrangements, is three hundred and fifty-four miles long ; it has one President, four Vice Presidents, a Treasurer, Secretary, General Solicitor, General Counsel, Chief Engineer of Construction, a General Superintendent and three Assistants, and three Division Superintendents (each having a Division Engineer), two General Agents, and thirteen Solicitors.

The United Railroad Companies are worked by fourteen (14) officials ; the Pennsylvania Railroad by thirty-five (35). The first has two hundred and fifty-one miles ; the latter, three hundred and fifty-four miles of road. As compared with the Pennsylvania Railroad, according to mileage, the allotment to the United Companies would be twenty-five (25) officials, but operated with fourteen (14),—a little over one-half the number.

The Canal has its President, Secretary and Superin-

tendent. The Pennsylvania Railroad has also canals represented by separate and distinct officers, so that the comparison is fair upon the roads.

There is considerable doubt that a lease will be made of the works of the United Companies to insure ten (10) per cent. dividends, even if the Pennsylvania Railroad Company should offer it, as there is a division of opinion in the Joint Board upon the subject: a division of opinion with the Stockholders, and a questioned legal right to lease the Public Works of New Jersey to a foreign Corporation, so that the Directors will have to resort to some other expedient to satisfy the Stockholders, and will have to so regulate their expenditures as to insure under their administration ten (10) per cent. dividends. This, I have no doubt they can do by cutting off certain expenses and procuring additional business now offering.

With regard to the State of New Jersey, its State Directors being here, it is not proper for me to discuss particularly her rights and interests. I will only allude to her great interest in our works, and thus show the great responsibility devolving upon them in their action upon the subject of lease.

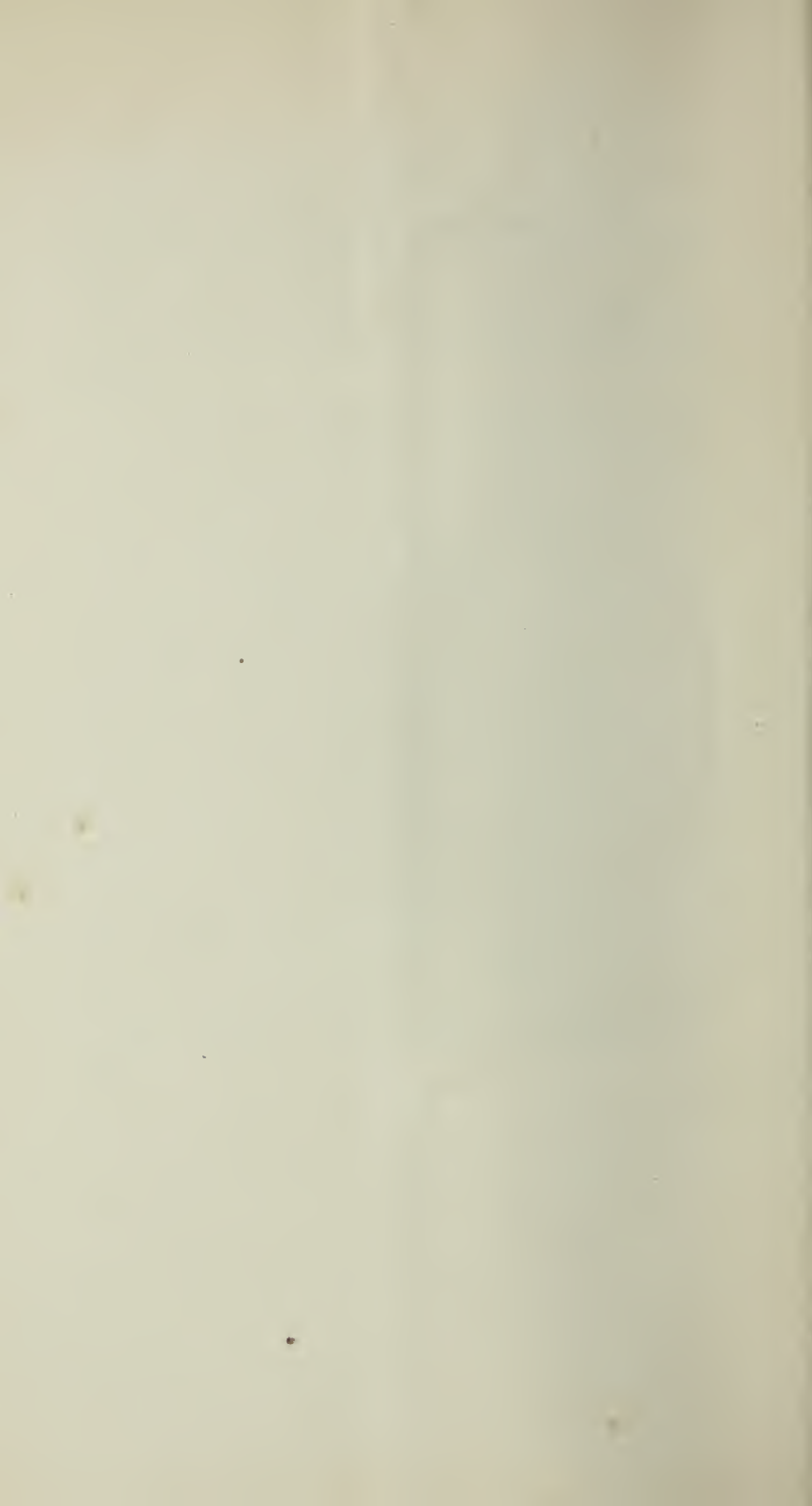
Besides a direct interest in the stock and bonds of the United Companies she is interested in a revenue tax equal to a capital at six per cent. of about \$5,000,000, and a stock and bond interest of another million, in all about \$6,000,000 dollars, equal to one-sixth of the whole capital of the United Companies. She derives an annual revenue from the canals and railroads of the State of \$500,000, more than three-fourths of which is paid by the United Companies. She will therefore naturally feel great concern about the future control of her public works, and no matter how the Stockholders in general may decide as to what they may think best for their interests, the voice of the

State will be potential, for she has created and fostered these Public Works, and must be looked to, to sustain them.

I object to lease these works, because the offer falls far short of what these works will produce to the Stockholders.

Now, in conclusion let me say, that the Public Works of our Companies originated with patriotic Jerseymen, who always avowed that the interests of New Jersey, and the welfare of her people, were the peculiar and primary objects of their enterprize. How zealously and how faithfully was their vigilance exerted to protect those interests! With what energy did they contend against speculators to induce New Jersey to tarnish her honor, by violating her compact with the Companies! With what exultation did they always contemplate the rich legacy which they would transmit in these works to future generations of Jerseymen! The protection of the interests of New Jersey, identified with those of the Companies, was the chief object of their attention, to the last hours of their useful lives

There is one venerable survivor of those patriotic brothers, who were the Fathers of our Companies. *There* he sits, his head gray with years devoted to their service—but his gray hairs will go with sorrow to the grave, should you commit to foreign hands the interests of these Companies, and intrude the stranger in his place.





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